

Illinois Lottery Control Board
Open Meeting Minutes
December 1, 2016
122 S. Michigan Ave., 19th Floor, Chicago, IL 60603

On Thursday, December 1, 2016, a regular meeting of the Lottery Control Board was held in Chicago at 122 S. Michigan Ave., 19th Floor. The following people attended:

Board Members:

- Jonathan “Blair” Garber
- Elba Aranda-Suh
- Haydee Olinger

Illinois Lottery Staff:

- Gregory H. Smith, *Acting Director*
- Jayme Odom, *Chief of Staff*
- Mark Lewis, *Chief Financial Officer*
- Nellie Viner, *General Counsel*
- Harold Mays, *Chief Operations & Technology Officer*
- Jason Schaumburg, *Communications Director*
- Rana Janney, *Deputy General Counsel*
- Jessica White, *Senior Counsel*
- Sharon Levels, *Lottery Control Board Secretary*

Northstar Staff:

- Michelle Tomao, *Chief Operations Officer & Vice President, Finance*

Other Attendees:

- Kathy Gilroy, member of the public, Villa Park, Ill.
- Angela Davis, Chief Procurement Officer, via teleconference

CALL TO ORDER

Board Chairman Blair Garber welcomed attendees and called the meeting to order at 1:30 p.m. The roll call was taken, and it was noted that a quorum was present.

PUBLIC COMMENT

Kathy Gilroy addressed the Board regarding Lottery Law provisions 20 ILCS 1605/10.7(b) and 20 ILCS 1605/7.8a. She voiced specific concern regarding an advertisement in the August 28, 2016 Daily Harold newspaper.

The Board agreed to review the materials surrounding Ms. Gilroy’s concerns.

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OLD BUSINESS

Approval of Minutes

Board Chairman Garber moved to approve the open session minutes from August 30, 2016, meeting. Board member Aranda-Suh seconded the motion, and the Board unanimously approved the motion.

NEW BUSINESS

Legal Update-Cases for Review by the Board

Senior Counsel Jessica White presented updates on three administrative hearing cases in which the Board members gave recommendations:

1. Department versus Linda Villanueva (15-LOT-46)
Matters on this case will be submitted to Acting Director Smith for review, with a final determination due February 2, 2017.
2. Department versus Dwight James (15-LOT-58)
Matters on this case will be submitted to Acting Director Smith for review, with a final determination due January 30, 2017.
3. Department versus Alvaro George (15-LOT-18)
Former Acting Director Tim McDevitt issued an order affirming the Board's recommendation, which has been communicated to Mr. George.

Senior Counsel also provided an update on the Lottery's 4th quarter status on legal dockets:

- 37 cases last year; narrowed down to 6
- 11 administrative hearings; 10 ended in Lottery's favor

Scheduling of next Meeting

The first-quarter meeting will be held at 1:30 p.m. Thursday, March 2, 2017, at 122 S. Michigan Ave., 19th Floor; unanimously voted by the Board members.

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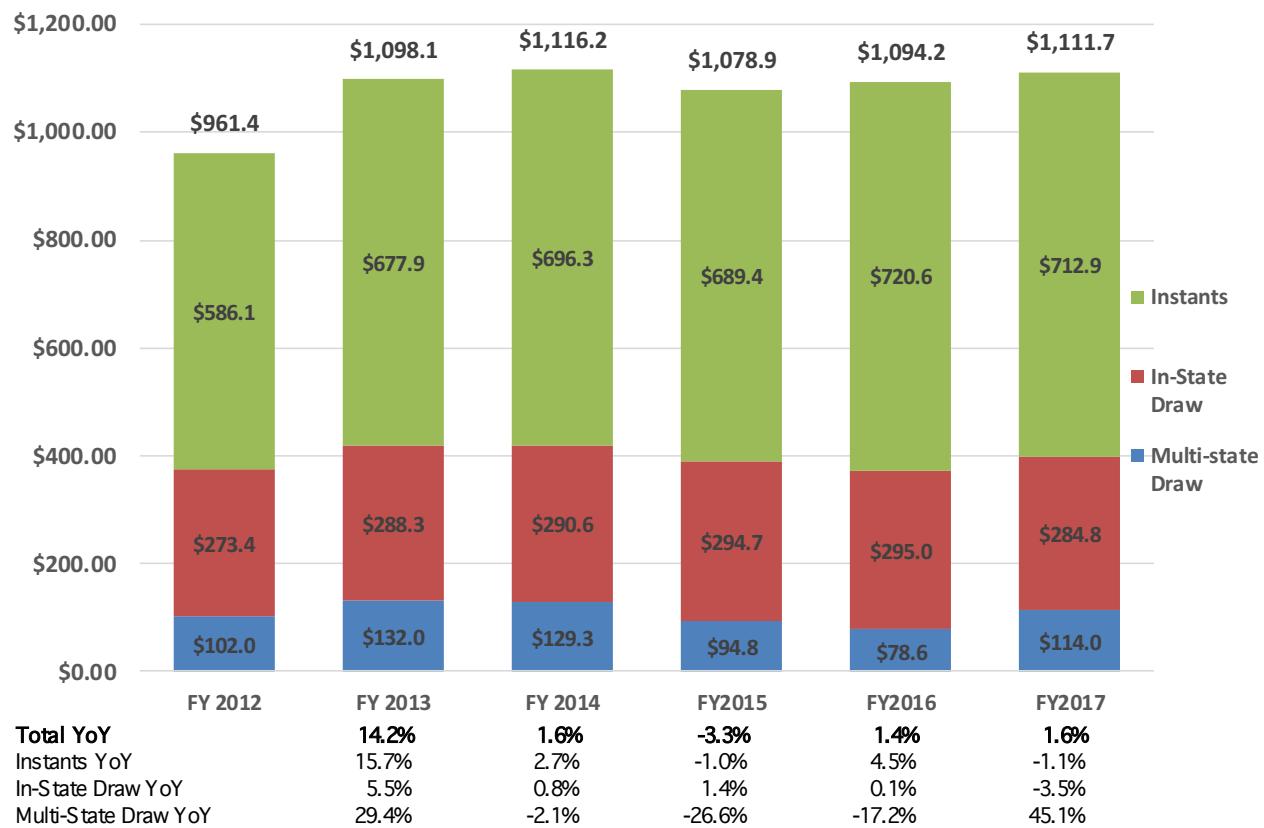
DIRECTOR'S REPORT

Sales and Marketing Update

Michelle Tomao, Northstar's Chief Operations Officer & Vice President, Finance, presented that sales are up 1.6 percent over the previous fiscal year. Multi-state drawings are driving that increase. She said sales still have not recovered from Lottery's player payment delays in 2015. Instant ticket sales took a hit from last year, largely because of Powerball and Mega Millions' large jackpots.

Sales Performance Overview

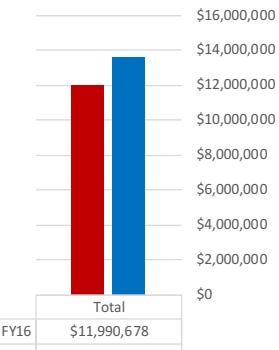
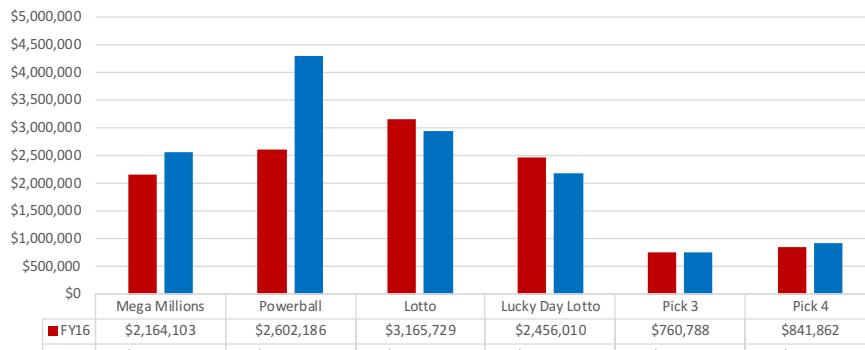
Illinois YTD Sales Summary July 1st through Nov. 26th



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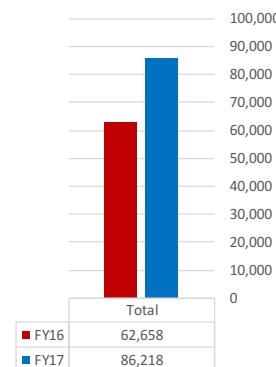
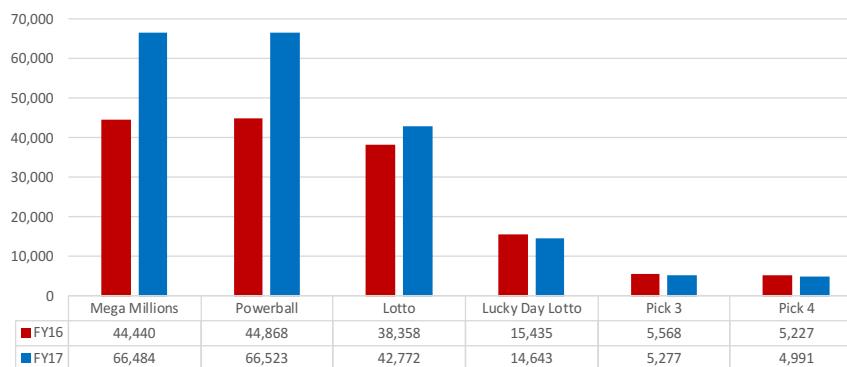
iLottery Sales

Tomao detailed iLottery sales information to the Board, using the below graphs that convey sales and registered user data. She stated the increase in users was the result of high jackpots in Mega Millions and Powerball.



% Change					
FY17 vs FY16	18.2%	64.9%	-7.2%	-11.2%	-1.0%

% Change	
FY17 vs FY16	13.7%



% Change					
FY17 vs FY16	49.6%	48.3%	11.5%	-5.1%	-5.2%
Average Spend	-20.2%	11.7%	-16.5%	-5.8%	4.6%

% Change	
FY17 vs FY16	37.6%
Avg. Spend	-16.8%

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Advertising and Retail Marketing

Wheel of Fortune: August 22 to October 2

- 360-campaign included TV, radio, digital, OOH (out of home), POS, website, events and social media
- \$16.5 million in sales since beginning of launch

Ultimate Crossword: August 8 to September 18

- Campaign included print and digital paid media plan, plus POS, social media and website support
- \$23.4 million in sales; first time doing a \$25 ticket

Lucky Day Lotto Promotion (Bonus Days): September 5 to December 2

- Campaign included print, audio (Pandora), digital, OOH, website and social media
- 25% increase in sales, including EZ match program

Lotto Promotion: October 16 to October 22

- Campaign included OOH, POS, website and social media
- 29% increase during promotional week; additional \$6 million in sales

Ticket for Cure: October 7 to November 6

- Campaign included audio, digital, print, OOH, POS, website, events and a press launch at Presence Saints Mary and Elizabeth Medical Center in Chicago
- \$1.3 million in sales since launch

Veterans Cash: November 2 to December 3

- Campaign supported with multichannel marketing, including audio, digital, OOH, POS, website, events and social media
- \$3 ticket

Winner Payments: October 31 to November 24

- Raise awareness that Lottery was paying players again
- Web content, infographic, print, OOH, radio and social media

Holiday Instants: November 26 to December 25

- Holiday Instant tickets will be supported with robust multichannel marketing campaign that includes TV, Hispanic TV, radio, digital, OOH, POS, website, events and social media

Luck Is Everywhere TV: January 9, 2017, to July 1, 2017

- Brand campaign

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Finance Update

Lottery Chief Financial Officer Mark Lewis presented the charts below with details on:

- Common School Fund transfers
- Special causes
- Retailer sweeps/State Lottery Fund

Common School Fund Transfers

CSF Transfers	
FY 2014	\$668,100,000
FY 2015	\$678,550,000
FY 2016	\$691,550,000
FY 2017 (Planned)	\$705,625,000
Total Transfers – All Fiscal Years To Date	\$19,127,081,865

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Special Causes

Ticket/Cause	Lifetime Amount Transferred
Veterans Cash (veterans causes)	\$13,370,870
Ticket for the Cure (breast cancer research and treatment)	\$11,547,962
MS Project (multiple sclerosis research and treatment)	\$8,384,409
Red Ribbon Cash (HIV/AIDS research and treatment)	\$7,407,571
Special Olympics (state and Chicago organizations)	\$1,556,314

For the Quarter Ended September 30, 2016

For the Quarter Ended Sept. 30, 2016	
Cash Balance carried forward from last quarter	\$ 198.3 M
Receipts into the fund this quarter	\$ 316.8 M
Expenditures from the fund this quarter	(\$405.3 M)
Cash Balance at the end of the quarter	\$ 109.8 M
Expenditures/Transfers made this quarter	\$ 405.3 M
Vouchers paid this quarter	\$ 127.1 M
Prizes paid this quarter	\$ 113.0 M
Transfers made this quarter	\$ 165.2 M

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Private Management Update

Acting Director Gregory Smith updated the board on the private management procurement process for the Lottery. One proposal was received and assigned to an evaluation committee. Board member Aranda-Suh asked what the timeframe was on expecting a decision. Director Smith said the proposal was voluminous with a large amount of content to review, so he anticipated that the review may take some time.

ADJOURNMENT

Chairman Garber requested a motion to adjourn. Board member Olinger moved to close the meeting, and Board member Aranda-Suh seconded the motion, which was unanimously approved. Chairman Garber adjourned the meeting at 2:15 p.m.

Respectfully submitted,

Nora Iniguez for Sharon Levels
Lottery Control Board Secretary